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ABSTRACT

This document sets out the Higher Education Funding Council for England's (HEFCE) policy in responding to the emerging regional agenda in England and in encouraging collaboration between higher education providers in each region. The HEFCE has focused on building regional partnerships since the creation of the Regional Development Agencies in 1999. This document aims to review the priority that the HEFCE should give to regional issues. The document also describes the roles that higher education institutions are adopting in the region and what the HEFCE is doing to support them. Regions are diverse and make different demands of the higher education sector. The approach to regional activity needs to recognize the diversity of higher education institutions and of regions, supporting the relationships that are being developed in each region. Feedback to this position statement is requested so that the HEFCE can be sure it has articulated the regional agenda correctly. (SLD)

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Consultation

March 01/18

Respond by Thursday 31 May 2001

Higher education and the regions

HEFCE policy statement

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Higher education and the regions

HEFCE policy statement

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges
Of interest to those responsible for	Strategy; regional links
Reference	01/**18**
Publication date	March 2001
Enquiries to	Anju Sehdev tel 0117 931 7030 e-mail a.sehdev@hefce.ac.uk Alice Frost tel 0117 931 7101 e-mail a.frost@hefce.ac.uk

Executive summary

Purpose

1. This document sets out the HEFCE's policy in responding to the emerging regional agenda in England and in encouraging collaboration between higher education providers in each region.

Key points

2. We are committed to working in partnership, and we have focused on building our regional partnerships since the creation of the Regional Development Agencies (RDAs) in 1999. But many of our policies and programmes are national in view, and we support higher education institutions in their international, national, regional, sub-regional and local roles.

3. This document aims to review the priority we should give to regional issues. It describes the roles that higher education institutions (HEIs) are adopting in the region, and what we are doing to support them.

4. The main conclusions we draw are:

a. The HE sector has always had a regional role. With the establishment of RDAs, more emphasis is now being placed on the economic regeneration and skills development aspects of this role. In recent years HEIs have made significant progress in addressing the regional agenda, supported by the introduction of the Higher Education Reach-out to Business and the Community (HEROBC) fund. Many now see it as a significant part of their mission.

b. HEIs have, nonetheless, missions at international, national, sub-regional and local levels as well as the regional. Regions are diverse and make different demands of their HE sector.

There will thus be a great range of roles that HEIs can appropriately play in their regions. Responsibility should continue to rest with each institution to determine which role best suits its own mission and circumstances.

c. Our approach to the regions needs to recognise the diversity of HEIs and of regions, not seeking to impose any blueprint, but supporting the relationships that are being developed between regional bodies and HEIs.

d. While maintaining the principle of national funding methods for the allocation of mainstream teaching and research funds, we should keep under review which programmes should properly reflect regional considerations (such as the allocation of additional student numbers, HEROBC and widening participation). We should work closely in administering those programmes with RDAs, the Further Education Funding Council/Learning and Skills Council (FEFC/LSC) and other regional partners; and encourage those partners to be creative in reaching out to HEIs at the same time as HEIs are seeking engagement with them.

Action required

5. This document is a position statement. We will be disseminating it widely within the regions, through our regional consultants, to increase understanding of the role of HE in the region and to contribute to debate. We are also participating later this year in a DfEE/HEFCE/RDAs Working Group which will be reviewing the relationships between HE and RDAs. We would welcome comments on this document to feed into these national and regional discussions. It would be helpful if they could be structured under the following headings:

a. Have we correctly articulated the regional agenda, and the roles of HE within it?

b. Are we right to conclude that we should not take a uniform approach to the regional agenda, but leave discretion with each HEI and region to determine its own priorities and roles?

c. Is the regional dimension being suitably and sufficiently reflected in HEFCE programmes and policies? Are there other ways in which we could support the regional role of HE?

d. Is the role of regional consultants, as set out in Annex A, clear and appropriate?

6. Please send comments, **by 31 May**, to:

Anju Sehdev
HEFCE
Northavon House
Coldharbour Lane
BRISTOL
BS16 1QD
e-mail a.sehdev@hefce.ac.uk

Introduction

7. This document explains the HEFCE's policy[1] in responding to the emerging regional agenda in England and in encouraging collaboration between higher education providers in each region. Its purpose is to encourage debate about the approach we should take to regional issues and regional collaboration – and in particular the appropriate scope and pace of our regional activity to complement that taken by higher education institutions (HEIs) themselves and by regional bodies.

8. The paper is addressed primarily to the universities and colleges we fund, and the partner organisations we work with on a regional basis, including Regional Development Agencies (RDAs), Government Offices and the Further Education Funding Council/Learning and Skills Council. But we hope it will also be of interest to the wide range of other organisations and individuals who engage with higher education.

9. The Council's mission statement[2] and strategic aims[3] commit us to working in partnership. Following the creation of RDAs in 1999, we have focused on developing our partnerships with regional bodies, and supporting the development of collaboration between HEIs and their regional partners. We are also committed to working with the HE sector to enhance the relevance of teaching and research to the needs of the economy, including the regional economy,[4] and to supporting HEIs in developing their missions, including their regional missions.[5] Nevertheless, many of our policies and programmes necessarily take a national view, and we support HEIs in their international, national, regional, sub-regional and local roles. There is therefore debate about the balance we should strike between these various roles, what priority should be given to regional issues, and through what means.

10. We review regularly our relations and communications with the institutions we fund, to assess whether we are achieving our aim of working effectively in partnership. We undertook reviews in 1994 and 1996, and most recently commissioned an opinion survey and research report from MORI.[6] We have taken a number of steps to respond to the results of the earlier reviews, including restructuring many of our operations around regional teams headed by HEFCE regional consultants. The MORI review last year identified that the institutions we fund would like to know more about the working of the Council, particularly our approach to the regions and the role of regional consultants. This policy statement responds to that demand. A description of the role of regional consultants and the expectations that should govern our relationship with the HE sector is attached as Annex A.

11. In this document we address the following questions:

a. What is the role of higher education (HE) in the region?

b. What are we doing to support that role, including supporting regional collaboration?

12. We have no presumption that any new initiative is required, by the HEFCE or any other body. It may be that a consensus will be established that the current position is already satisfactory. Or, given that the regional agenda continues to develop rapidly, it may be felt that the HEFCE approach should be reviewed again once that agenda is more fully articulated. But we welcome views on whether there is more that the Council should be doing, and if so, what.

13. This statement has been developed with the assistance of the HEFCE's Sector Strategy Committee, whose membership is at Annex B.

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1 More information about the HEFCE is on the web at www.hefce.ac.uk

2 'Working in partnership, we promote and fund high-quality, cost-effective teaching and research, meeting the diverse needs of students, the economy and society.'

3 Strategic aim a: 'Develop and sustain effective partnerships with institutions, employers, other funding and professional bodies, and others with a stake in higher education, by providing clear and open information and promoting collaboration between them.'

4 Strategic aim c: 'Promote and support productive interaction between HE and industry and commerce in order to encourage the transfer of knowledge and expertise and enhance the relevance of programmes of teaching and research to the needs of employers and the economy.'

5 Strategic aim j: 'Maintain and encourage the development of a wide variety of institutions, with a diversity of missions that build upon their local, regional, national and international strengths and are responsive to change, within a financially healthy sector.'

6 'A survey of relations and communication with universities and colleges': research study conducted for the HEFCE by MORI, November 1999 to April 2000. Available from HEFCE Publications.

The role of higher education in the region

The regional agenda

14. The RDAs were established by the Government in 1999.[7] RDAs are partnered by Regional Chambers, which are voluntary groupings of councillors from local authorities in a region and other major stakeholders.[8] The creation of RDAs and Chambers has marked a significant step in the Government's agenda to provide a stronger regional focus, to address the needs of individual regions particularly in relation to economic development, and to reduce the inequalities between regions.

15. The RDAs co-ordinate regional economic and social development and regeneration, and aim to improve the competitiveness of their regions. In October 1999, they delivered their initial regional economic strategies (RES), including regional innovation strategies, and skills action plans to Government. These documents provide a framework to bring together stakeholders, including higher education, to achieve economic and social change in the regions.[9] Although RDAs share similar aims and approaches, the individual RESs differ, to reflect the varying social and economic conditions of each region. RDAs are now implementing plans to deliver their RESs.

16. Although the RDAs provide a focus for working on economic and social regeneration in the region, there are many other important players. In 1994, Government Offices were established which bring together the activities of various Whitehall departments in the region. These continue to exercise some central Government functions, notably support to industry and responsibility for European regional programmes. The Government is implementing major reorganisations of support for training and businesses through the creation of the Learning and Skills Council and the Small Business Service. The European Union is also a major force in the regional agenda, through the provision of European Structural Funds. All these regional partners will need to form relationships with HE, with different but overlapping sets of expectations, although RDAs should play an important part in co-ordinating efforts.

The role of higher education

17. It is widely accepted that HE can and should play an important regional role. Many HEIs owe their creation to regional or local initiatives to meet skills or professional needs, and have long seen it as central to their mission to contribute to the social and economic development of their region. The establishment of RDAs, and the consensus on the need to develop a knowledge economy and a learning society, have given new emphasis to the economic aspects of the HE contribution in terms of economic regeneration and skills development. But the contribution goes wider, including intellectual, educational, social, cultural, sporting and political aspects. HE makes a particularly distinctive contribution to the region in the area of innovation – in the broadest sense of that term – creating ideas and producing and transferring knowledge. HEIs are also major businesses in their own right, employing many staff, contributing to the domestic product of their area and playing a major role in exports.

18. HEIs are already involved in the development and implementation of RESs and skills action plans, in areas such as:

a. Business support/sector development/ innovation: HE provides research, business support, business incubator activities, and spin-off companies (particularly in high-technology sectors).

b. Skills and learning: providing training in higher level skills; and contributing to the pool of highly qualified manpower by bringing graduates into the region.

c. Contributing to social inclusion: HEIs are undertaking an increasing range of activities to

[7] RDAs were established in eight English regions in 1999, and the ninth, in London, was formed in July 2000. Regional Development Agencies Act 1998.

[8] Except in London where there is a directly elected Regional Assembly.

[9] More information about the RDAs, with links to their individual RESs, is on the web at www.local-regions.detr.gov.uk

widen participation in HE by disadvantaged and under-represented groups of students, and to promote lifelong learning.

d. Inward investment: a successful HE sector can help attract inward investment. HEIs can also use their international and national reputations and connections to promote the profile of the region more generally.

e. Regional strategy/regional intelligence: providing strategic thinking and expertise to the region.

19. Both the higher and further education sectors have put in place structures which enable them to work with RDAs, Regional Chambers and other regional and local partners, at all levels. The head of an HE or FE institution sits on each RDA Board, and on each Regional Chamber. Institutions have also been working for some time to put in place internal and cross-institutional structures to enable them to contribute effectively to the regional agenda, including:

a. Appointing senior posts to provide a focus for regional activity.

b. Adopting specific objectives/initiatives to enable their research and teaching efforts to be taken up more effectively in the region.

c. Producing regionally-focused information about the services they provide.

d. Establishing regional consortia (discussed further below) to provide a single point of contact for regional partners wishing to work with HE.

e. Developing their sub-regional and local partnerships, such as regeneration partnerships in EU Objective 1 and 2 areas, Lifelong Learning Partnerships and links with local Learning and Skills Councils and Small Business Services.

20. In some employment sectors, such as medicine, regional links are particularly strong. The development of higher education programmes in nursing and professions allied to medicine (PAMs) has been a major success of recent years, complementing long-established HE programmes for training doctors and dentists. Nursing and PAMs courses are commissioned by the NHS regionally, on the basis of regional training plans. There are strong regional links between HEIs, hospital trusts and the NHS regional structure.

21. The establishment of a regional consortium of HEIs in each region has been significant in helping HE to engage effectively with the regional agenda. In some cases, consortia pre-date the establishment of RDAs. The purpose of such consortia is both to provide a mechanism for discussion and collaboration between HEIs for their mutual benefit, and to enhance the service that the HEIs can provide to the region.

22. The roles of consortia include:

a. Providing 'one-stop' access to the HE sector for the RDAs, Regional Chambers and other regional partners.

b. Providing a forum in which HEIs can develop joint approaches to major policies or activities in the region.

c. Nominating representatives from HE to sit on regional committees and groups (particularly important during the development of implementation plans for RESs); and providing information about the role of HE and the services it can offer to the region.

d. Disseminating information about regional initiatives throughout HE and facilitating collaborative approaches to meet regional needs.

e. Administering or managing specific projects targeted at regional policies or needs.

23. Building on these developments, relationships between HEIs and RDAs are progressing. Relations are better developed in some regions than others, with greater appreciation of respective roles and agendas between HEIs and RDAs, which may relate to historic regional identities, geographical layout or partnerships formed for European structural funds.

24. The above provides a generic summary of the roles that HE can play in the regions and the approaches adopted to date. However, the actual roles that institutions play are diverse. HEIs have

roles at international, national, sub-regional and local levels as well as the regional, and the development of the regional role needs to complement and integrate with those other roles. Although important policies are being taken forward at the regional level, HEIs have to respond to other needs – for example, the need to maintain centres of excellence in research that can compete globally, or the need to raise aspirations to enter HE among the people in their own city or area. Moreover, the nine regions in England are units which work well for certain purposes in considering the pattern of HE, but not necessarily for all purposes. For example, in some areas, there may be significant economic or social activity across regional boundaries. There may also be important sub-regional structures. The inter-relationship of the London and South-East regions poses particular challenges. The existence of the major metropolis, with a concentration of HEIs within it, has a considerable impact on the approaches that can be taken to regional issues.

25. The interactions between regional and other roles can be complex. The fact that a university produces world class research in itself makes a major regional contribution in attracting inward investment and encouraging research-related spin-off companies. That regional contribution could be diminished by constraining its international role. Similarly, a further education college offering HE programmes may contribute most effectively to regional economic development by meeting the needs of local employers. Just as regions have different needs, so HEIs will be able to make different contributions to respond to those needs.

26. Institutions will adopt roles in the regions that best match their strengths and chosen missions, and fit the region's requirements. A caveat to this is that, other than the HEROBC fund discussed below, HEIs do not receive any HEFCE funding specifically to support the development of their regionally-based activities, and all such activities have an opportunity cost. HEIs receive grants from the RDA skill development funds, but they are relatively small. English Partnerships and Single Regeneration Budget funds have likewise been limited for HEIs. The allocation of additional funds to RDAs in the July 2000 spending review should support a wider range of collaborative activity. EU structural funds are a much more significant source of income for HEIs in designated regions, and regional HE collaboration and engagement is correspondingly better developed in those regions. Resource constraints will therefore inevitably limit the extent to which HEIs can support regional development, in addition to sustaining their core national roles of teaching and research; and the balance between the regional contributions chosen by HEIs will reflect the availability of funding.

HEFCE actions to support the role of HE in the region

27. We start with the assumption that the Council's policy must take account of the energy and enthusiasm already being shown by the HE sector in responding to the regional agenda. Over the past few years, that response has developed substantially. We must also take account of the complexity and diversity, as described above, in the roles that HEIs may play in regional social and economic development. There is no single right way for HEIs to contribute regionally. We have a strong presumption in favour of universities and colleges being able to determine for themselves the place of regional issues within their chosen mission, and how they can best contribute regionally.

28. In our regional policy, we will continue to reflect the principles underlying our overall funding method. The great majority of public funding for higher education is allocated for teaching and research activities. Both are calculated by national formulae, which do not vary by region, except for London weighting. For teaching this reflects a presumption that students should receive the same quality of HE experience, wherever in the country they study; and that a standard unit of resource should be provided for a standard unit of activity in whichever region that activity is conducted. The principle of equity of HE funding for teaching is now well established: teaching funds are allocated pro-rata to student numbers weighted by broad subject of study, and then adjusted to reflect costs associated with certain types of student or institution. Research funding is allocated highly

selectively, with a view to supporting the best quality research wherever it is to be found in the UK.

29. There is a strong tradition of full-time students being able to go anywhere within the UK to undertake the HE course which they believe will best meet their abilities and interests. At the margin, the new student support arrangements are causing students to think harder about the benefits of studying closer to home; and most part-time students are necessarily restricted to local HE providers. Nonetheless, the presumption remains that we will maximise the benefits of HE to students and the nation by continuing to facilitate national mobility for students who want it. For historical reasons, some regions are major net importers of students (such as Yorkshire and the Humber, the North-East and the East Midlands) whereas the South-East and Eastern region are net exporters.[10] Seeking to make the provision of HE places exactly proportionate to the population base of each region as a 'zero sum' redistribution within the current total would entail major restructuring of HEIs, and the likely net economic effect would be to remove a source of wealth creation from less prosperous regions in order to give it to the more prosperous. However, as noted below, we will use the allocation of additional student numbers to secure movement towards rectifying under-provision of places relative to the population base of each region.

30. Against this background, the steps we have taken so far can be summarised under the following headings:

- better information
- better networks
- meeting regional demand for student places
- meeting employer needs
- HEROBC
- widening participation
- HE/FE links
- research.

Better information

31. In considering how the HE regional contribution could develop, the starting point must be to understand what that contribution currently is and how to measure and value it now and in the future. To that end:

a. We published in April 1999 the first regional profiles of higher education, providing maps and a wide range of data on regional provision and flows (HEFCE 99/27). The second edition was published in September 2000 (HEFCE 00/38). We expect to update the profiles annually.

b. We have provided to HEIs regional data sets in specific subject areas (engineering and modern foreign languages), as a basis for HEIs to consider regional recruitment trends and opportunities for collaboration.

c. We commissioned the Policy Research in Engineering, Science and Technology unit at the University of Manchester (PREST) to undertake a survey of industry/academic links (published in November 1998 as HEFCE 98/70). We are currently commissioning a follow up survey of industry links to inform the allocation of the next round of funding for the HEROBC programme.

d. We commissioned a study by the Centre for Cultural Policy Studies at the University of Warwick to review the role of HEIs in the provision of cultural and sports facilities to the wider public, published in April 1999 as HEFCE 99/25.

32. We are also sponsoring a major project, with Universities UK, to map the range of contributions which HEIs make to their regions, and to develop better ways of assessing their impact. The project is being undertaken by the Centre for Urban and Regional Development Studies at the University of Newcastle, working with the HE regional consortia. Nine regional reports, and a national overview report, are scheduled to be published in summer 2001, with a self-assessment methodology for HEIs to review their current regionally-based activities.

[10] Data on student flows between regions, and a comprehensive analysis of the regional pattern of HE, are contained in HEFCE 00/38 'Regional profiles of higher education'.

Better networks

33. There is now a regional consortium of HEIs in each region. The consortia are supported by HEFCE development funding. Their purpose is to provide a mechanism for discussion and collaboration between the HEIs for mutual benefit, but also to provide 'one stop' access for other regional partners, such as the RDA, to engage with HEIs collectively rather than individually. Each consortium has its own secretariat, which in many cases is co-located with the RDA to ensure effective joint working (including in the South-East, South-West and North-West).

34. We introduced our own regional structure in 1997, with HEFCE regional teams each headed by a regional consultant at senior level and mapping onto the RDA regional structure. The role of the regional consultants is discussed further in Annex A. Regional consultants work with regional partners to ensure that their views feed into relevant HEFCE funding programmes. For example:

a. RDAs and Government Offices were involved in the assessment of funding allocations for widening participation and the HEROBC programmes.

b. We seek to help RDAs in their own funding programmes – notably, some RDAs have involved HEFCE regional consultants in considering allocations from the RDA Skills Development Fund.

35. We have close contacts with the FEFC, and intend to work equally closely with the national and local Learning and Skills Councils, particularly to support collaboration in widening participation initiatives and promoting progression routes for students from FE to HE.

36. The encouragement of sub-regional and local networks of HE providers is an important feature of our policy on HE in further education colleges. As part of the wider objective to increase participation in HE, we have allocated funds for additional student places to part-time and sub-degree courses in FE colleges, where there is evidence of demand. At the same time, in order to safeguard quality, we are strongly encouraging FECs to work with partner HE institutions, and with each other in locally-based consortia, with a view to securing a range of complementary HE programmes in each area suited to local needs. Many of the HE regional consortia are also developing links with their FE counterparts.

Meeting regional demand for student places

37. Each year we distribute to universities and colleges a number of additional student places, depending partly on the increase in funds for HE nationally which is allocated by the Department for Education and Employment. Those additional places are allocated competitively through a bidding process. The main criteria are widening participation, employability, and quality. The regional case is increasingly important, where we look for evidence that the places will help extend HE to under-represented groups and meet the needs of employers, taking account among other things of RDA regional skill plans. Increasingly we expect to involve RDAs in considering bids for additional places.

38. A number of HEIs have undertaken studies of future regional demand for HE, supported by HEFCE funding – for example in Cornwall, Cumbria, Thanet and Southend. Unlike the FEFC (and in future the Learning and Skills Council), we do not have a legal duty to secure adequacy and sufficiency of HE provision in each region. But in practice our aim is to ensure appropriate provision of HE opportunities regionally, commensurate with the centres of population, particularly given the commitment to widening participation and the corresponding need to secure widely distributed access. Where the demand studies indicate an under-provision of HE opportunities relative to the population base, we take account of that in the allocation of additional student numbers and the award of grants from the Restructuring and Collaboration Fund.

Meeting employer needs

39. HEIs have discretion to decide what courses to offer, in which subject areas. The portfolio of courses offered by HE is wide-ranging, embracing specific professional or sectoral skill development or updating (at both undergraduate and postgraduate levels), and development for longer-term career

enhancement or employment prospects, as well as wider personal, intellectual and academic achievement.

40. We are strongly committed to maintaining the principle of such discretion, believing that individual HEIs are best placed to identify shifts in employer and student demand, and to make the necessary adjustments to their portfolios quickly and flexibly.

41. We recognise that some employers remain concerned that HEIs are not equipping students with the skills, knowledge, understanding and competences which employers feel they should have. Some argue accordingly for more direct means of influencing HE provision.

42. We and HE providers recognise that it is a primary purpose of higher education – although not its sole purpose – to prepare students for the labour market. Many HEIs already have a good record in that respect. Employment rates for graduates are high, and a range of initiatives is in hand to secure further improvements, particularly through the HEROBC programme. We need to keep strengthening links between HE providers and employers, in relation to continuing professional development and part-time programmes as well as full-time first degree courses. Many part-time students are studying directly with a view to career development and promotion, and that needs to be reflected in the design and delivery of their courses.

43. But there are several complex balances which need to be struck, for example:

- between the employment-related and the wider academic, personal and cultural purposes of higher education
- between long-term and generic work-related competencies, and short-term specific knowledge and skills relevant to immediate employment
- between the needs of emerging future economic growth sectors against those of traditional and possibly declining sectors.

44. HEIs cannot by themselves direct students into particular courses, subject areas or career routes if employers are failing to send the necessary signals about the attractions of a career in their sector. Given these complexities, and past experience, we do not believe that the answer to employers' concerns lies in national manpower planning.

45. Our funding method, based primarily on the number of students actually enrolled, creates powerful incentives for HEIs to ensure that they evolve their course portfolio to take account of patterns of student demand. Those in turn are strongly influenced by student perceptions of employment prospects. This will be reinforced when we introduce a performance indicator related to employment outcomes for full-time students as part of our annual publication of performance indicators on all HEIs.

46. Our current initiative on learning and teaching strategies includes promotion of employability. All HEIs are being allocated additional special funding in return for the submission of learning and teaching strategies setting out how they will raise the quality of learning and teaching. The efficacy of HE programmes in preparing students for employment is an important aspect of 'quality' which HEIs have addressed in their strategies. The foundation degrees initiative is designed to ensure that the knowledge, skills and competencies which students acquire in HE are closely related to employers' needs, including regionally, and draw upon local labour market information.

HEROBC

47. The Higher Education Reach-out to Business and the Community (HEROBC) fund was launched as the first step towards a new permanent stream of HEFCE grant to all HEIs. It recognises for the first time the significance of reach-out activities as a third core HEI activity alongside teaching and research. The emphasis is on developing the capability of HE in responding to the needs of business and the wider community.

48. HEROBC provides funding for the infrastructure for HE/business relations, and encourages stronger interaction between employers, HEI staff and students, leading to greater employability of graduates and help for companies to become more innovative. HEROBC is a national programme, which includes the promotion of

collaborations at national level, but individual institutions are also developing their particular HEROBC strategies to meet identified regional and local needs. Activities include:

a. Market research to help HEIs understand the needs of business and to provide materials to promote themselves to businesses.

b. Funding to enable HEIs to put in place arrangements internally that will improve the responsiveness of their continuing vocational education (CVE) programmes to local and regional needs.

c. Development of employer forums (for example, engineering advisory committees) to advise HEIs on the relevance of courses and curricula to specific industries, as well as on opportunities to involve employers in the delivery of courses.

d. Enhancing all aspects of knowledge transfer in both directions between HEIs and stakeholders.

49. The HEROBC fund also supports the development of infrastructure, particularly for reaching out to small and medium sized enterprises (SMEs). Again, individual institutions will tailor their activities to their own HEROBC strategy, but this may include provision of incubators or science parks, one-stop shops to signpost HE research and technology transfer expertise to SMEs, and research and development work in conjunction with industries.

50. This should, among other things, substantially increase the scope for productive collaboration between HE and RDAs. RDAs are represented on the Regional Advisory Groups which advised us on HEROBC submissions from HEIs. The Government's spending review announced in July included a substantial increase in Department of Trade and Industry/Office of Science and Technology funding for the permanent third stream of HE activity, building on the HEROBC programme. The RDAs also received significant additional funding themselves in the spending review. We hope that the expanded scheme will widen the scope for HEIs to work with regional partners.

Widening participation

51. RDAs have, as part of their remit, a concern with promoting social inclusion. The primary means by which we are seeking to address that objective is through our programmes to encourage wider participation in HE by under-represented groups. There is an important regional and sub-regional aspect to widening participation, in that mature students, part-time students, and students from backgrounds with little or no experience of HE are more likely to want to study closer to home, reinforcing the need to ensure wide distribution of locally-accessible HE opportunities. In addition to the allocation of additional student numbers described in paragraphs 37-38, the main mechanisms are:

a. A formula allocation of additional funds to HEIs, based on a postcode-derived weighting which reflects the number of students attending each HEI from disadvantaged neighbourhoods. £24 million was allocated in 2000-01; that will rise to £28 million in 2001-02.

b. A £7 million programme of special funding projects to support collaborations between HEIs and further education colleges to widen participation. RDAs are represented on the HEFCE Regional Advisory Networks which oversee this funding.

c. We are also providing £6 million a year for three years to support work to widen recruitment by institutions with an intake of less than 80 per cent from state schools and further education colleges, and to raise the aspirations of state educated pupils.

HE/FE relationship

52. In 1998 we acquired responsibility for funding most HE programmes provided in further education colleges (FECs). We are not responsible for the overall institutional health of FECs, which remains the responsibility of the FEFC, and in future of the Learning and Skills Council.

53. We fund many FECs directly for their higher education, but have encouraged FECs to work in partnership with HEIs in delivering HE, particularly through franchise arrangements or consortia. We

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published codes of practice for both franchises and consortia (HEFCE 00/54). We have also established an HE in FE Development Fund to support action by colleges to raise the quality of their HE programmes, including through collaborations with HEIs.

54. We would normally expect partnerships to be between HEIs and FECs in proximity to each other. FECs tend to recruit locally, and a nearby HEI is most likely to understand the nature of their provision. Also, a close 'face to face' partnership is more likely to promote the appropriate quality and standards in provision. Such local partnerships facilitate the development of progression routes between FE and HE. We have encouraged FE and HE collaboration in the special funding we provide for widening participation, including a joint funding programme with the FEFC.

Research

55. In response to previous concerns, the arrangements for the 2001 Research Assessment Exercise (RAE) have been amended to give due weight to applied research. The RAE 2001 will continue to assess quality nationally rather than regionally.

56. We have undertaken a fundamental review of research policy and funding, as a basis for determining the arrangements which will follow the RAE 2001. That review confirmed that we should continue to allocate research funds on the basis of judgements of quality nationally through RAEs. It also concluded that the current level of selectivity that we operate remains appropriate to safeguard the health of the research base. The current distribution of high quality research in HEIs across the country means that all regions have some international centres of research excellence within them.

57. We have a strategic alliance with the Department of Health in relation to medical research. We are committed to preserving the current distributed research base in medicine in order to ensure that there is appropriate interaction with the NHS throughout the country. There is also significant indirect economic impact from the existence of a medical school in an area.

58. Following the 2000 Spending Review, a new Science Research Investment Fund (SRIF) is being administered by the HEFCE, with OST and the Wellcome Trust. Since centres of research excellence are already widely distributed, all regions will receive a boost from SRIF to their regional research infrastructure (although it is not an objective of the SRIF as such to review the regional distribution of research facilities).

59. The HEFCE research review concluded that there was a clear role for the regional HE base in knowledge transfer and in related skills development, and that priority should be given to the dissemination of research locally and provision of appropriate access routes for businesses. If the necessary funds can be found, we are considering the introduction of a research capability-development fund, which would help HEIs to adopt a strategic approach to building their research capacity, including research that meets a particular regional need.

60. There are several other funding sources relevant to the development of the regional knowledge and technology transfer infrastructure. These include the Research Councils, which provide funding for specific projects that demonstrate high quality and that may also be of relevance to industry and other users of research. In the 2000 White Paper on Science and Innovation, the Government announced up to £15 million to part-fund collaborative projects arising out of the 2000 Foresight exercise. Increasingly, Foresight exercises are taking account of regional priorities, and most regions now have their own Foresight capacity. The Science and Innovation White Paper announced a new Regional Innovation Fund of £50 million a year to support RDAs in developing business clusters and incubators. European Regional Development Funds may also support relevant initiatives.

Conclusions

61. The main conclusions we draw are:

a. The HE sector has always had a regional role. More emphasis is now being placed on the economic regeneration and skills development aspects of this role with the development of

RDAs. In recent years HEIs have made significant progress in addressing the regional agenda, supported by the introduction of the HEROBC fund. Many now see it as a significant part of their mission.

b. HEIs have, nonetheless, missions at international, national, sub-regional and local levels as well as the regional. Regions are diverse and make different demands of their HE sector. There will hence be a great range of roles that HEIs can appropriately play in their regions. Responsibility should continue to rest with each HEI to determine which role best suits its own mission and circumstances.

c. The HEFCE's approach to the regions needs to recognise the diversity of HEIs and of regions, not seeking to impose any blueprint, but supporting the relationships that are being developed between regional bodies and HEIs.

d. While maintaining the principle of national funding methods for the allocation of mainstream teaching and research funds, we should keep under review which programmes should properly reflect regional considerations (such as allocating additional student numbers, HEROBC and widening participation). We should work closely in administering those programmes with RDAs, the FEFC/LSC and other regional partners; and encourage those partners to be creative in reaching out to HEIs at the same time as HEIs are seeking engagement with them.

Invitation to respond

62. This document is a position statement. We will be disseminating it widely within the regions, through our regional consultants, to increase understanding of the role of HE in the region and to contribute to debate. Later this year we are also participating in a DfEE/HEFCE/RDAs Working Group which will be reviewing the relationships between HE and RDAs. We would welcome comments on this document to feed into these national and regional discussions. It would be helpful if they could be structured under the following headings:

a. Have we correctly articulated the regional agenda, and the roles of HE within it?

b. Are we right to conclude that we should not take a uniform approach to the regional agenda, but leave discretion with each HEI and each region to determine its own priorities and roles?

c. Is the regional dimension being suitably and sufficiently reflected in HEFCE programmes and policies? Are there other ways in which we could support the regional role of HE?

d. Is the role of HEFCE regional consultants, as set out in Annex A, clear and appropriate?

63. Please send any comments, by 31 May, to:

Anju Sehdev
HEFCE
Northavon House
Coldharbour Lane
BRISTOL BS16 1QD
e-mail a.sehdev@hefce.ac.uk

Annex A

Role of HEFCE regional consultants

1. In recent years, we have sought to develop a more strategic relationship with universities and colleges, with more face to face contact between the staff of institutions and of the Council. This was in response to findings from previous HEI opinion surveys that the HEFCE was not effectively supporting HEIs' strategic planning and development.

2. In 1997 we restructured our operations around regional teams headed by regional consultants (RCs). The aims were:

a. To deepen our understanding of the regional dimension to HE and to enable us to work more effectively in partnership with regional bodies, including the HEIs in their regional roles and RDAs once established.

b. To work more effectively in partnership with institutions, particularly by having a cadre of senior staff with the experience and knowledge to engage with institutions at a more strategic level, understanding their priorities and helping to support their development.

3. The MORI survey published in April 2000 sought, in particular, to evaluate the success of the RC structure and other steps to provide more face-to-face contact with Council staff. The survey identified a number of positive trends:

a. On balance, staff in universities and colleges agreed that the service we provide to institutions had improved in the last three years.

b. Over half felt that we were effective in providing support for the strategic development of HE.

c. RCs had been effectively established as the main point of contact between institutions and the Council.

4. However, the survey also indicated a number of areas of concern:

a. There was a significant minority (over a third) who felt we were still not providing effective support for strategic development.

b. Institutions would like more guidance about the role of the RCs, their seniority and how they 'fit' into the organisation.

c. University and college staff said that they would like to know more about the regional dimension to our activities.

The role of regional consultants

5. The RC role has four aspects:

- acting as a 'consultant'
- managing the Council's formal interaction with HEIs
- regional role
- functional responsibilities.

6. The role of the RC as a **consultant** goes to the heart of our aspiration to provide support for strategic development of HEIs. RCs are selected as experienced figures from the HE sector or relevant other backgrounds, and will have had several years' experience in strategic management positions. They have access to the range of knowledge and expertise available in the Council, including specialist financial, estates, audit, analytical services and other teams. A structure diagram presenting the location of RCs in the organisation is shown in Figure 1.

7. The term 'consultant' was chosen to signify that it is no part of the RCs' role to regulate, instruct or manage. Each university and college is responsible for determining its own mission, strategy and management. The RCs are employees of the Council rather than consultants in the conventional sense of independent sources of expertise. Nevertheless, they play an important role in representing the views of institutions individually and collectively within the Council. Hence they can be useful conduits for institutions when there are particular issues that they wish to raise with us, as well as useful sources of advice on HEFCE policies tailored to the concerns of that institution.

8. Through their work with HE institutions, FE colleges and a wide range of regional organisations, we expect RCs to develop an extensive understanding of the challenges and opportunities that face institutions, and also about the ways in which the Council can help institutions develop and pursue their missions. While always respecting the confidentiality of information provided to them, RCs can provide a sounding board for senior management in HEIs in strategy-setting.

9. RCs can also provide more practical support for institutional strategic development by advising on applications to the HEFCE Restructuring and Collaboration Fund, and providing guidance and feedback on bids to various funding initiatives (such as HEROBC, widening participation and learning and teaching strategies). In addition, RCs visit institutions, particularly with a view to understanding their strategic priorities and concerns. A statement of expectations for visits is shown in Table 1 on page 16.

10. The RCs are responsible **for managing the formal interaction between the Council and individual institutions**. They review corporate plans, annual operating statements and related strategies; monitor institutional health; and oversee the allocation of the HEFCE grants, both special funding and main teaching and research grants.

11. The purpose is two-fold. In order to discharge our function of advising the Government on the financial and other needs of the sector, we need to have a close understanding of the institutions we fund. But it also helps us identify what forms of support we may be able to provide to individual institutions.

12. The **regional role** of RCs has become increasingly important. The RCs work closely with other regional agencies, notably the RDAs, Regional Chambers, Government Offices of the Regions, the NHS Regional Directors, and FEFC Regional Offices (in future, Local Learning and Skills Councils). As part of this, regional bodies may participate in assessing bids for HEFCE funding (for example, for the widening participation and HEROBC funds and the allocation of additional student numbers), and RCs may participate in the assessment activities of other regional funders.

13. The RCs can act as 'advocates' for higher education in the region, working with HEIs and their regional consortia, as well as ensuring that HEFCE policies are informed by regional considerations. HEIs, both individually and collectively, have their own extensive links with regional organisations, and there is no intention that RCs should supplant those links. Rather, the role of the RC is to complement the direct links between HEIs and regional partners. The RCs are well placed to develop an overview across the HE providers in a region, which enables them to perform an independent broker role.

14. Finally, RCs have **functional** responsibilities for specific HEFCE projects (for example, servicing the Sector Strategy Committee or the Quality Assessment Committee, or co-ordinating our special funding programme for widening participation). There is no direct link between regional and functional responsibilities, but this is one way in which we try to ensure that our sector-wide policies and programmes are informed by a good understanding of institutional realities.

Standards and expectations

15. We have eight regional consultants, each with responsibility for an English region (except the North-East and Eastern England which 'share' a consultant because they contain a smaller number of HEIs). Each regional team also includes higher education advisers, assigned to a sub-set of institutions within a region, and financial staff.

16. The relationships we have with HEIs will properly vary from case to case. In order to discharge our core roles of allocating grant, monitoring institutional health, and advising Government on the collective needs of the sector, we need some minimum baseline engagement with every HEI. That minimum comprises:

a. Consideration of the standard annual financial returns – the annual accounts, the five-year forecasts, and the mid-year update – and annual data returns.

b. Consideration of each HEI's annual operating statement identifying progress against key targets.

c. Consideration of a full corporate plan once every three years.

d. An annual visit to the institution by the regional consultant or higher education adviser. In the year when the institution provides its three-year corporate plan, that visit will also constitute our opportunity to discuss the institution's strategies.

e. Consideration of any returns from HEIs to our strategic funding initiatives, for example HEI strategies and supporting activities for widening participation, learning and teaching and HEROBC. The RCs look in particular at the consistency between those individual strategies and the institution's overall corporate plan.

17. In the very small number of cases where we believe that an HEI is facing major financial or managerial difficulties, we will seek whatever contact is necessary to ensure that the difficulties are resolved.

18. Beyond that, we leave it to each institution to decide the level of contact with regional consultants and regional teams which it finds productive. The purpose and frequency of the contact is at each institution's discretion (and although we are very willing to help, our staff resources are limited). Some of the reasons that an institution may wish to seek more frequent contact with us are:

- where an institution is planning a major development, such as a significant departmental restructuring, a merger, substantial growth in student numbers, or a large estates project. We may then be in frequent contact over a period of months, particularly where the institution is seeking funding from the Restructuring and Collaboration Fund
- to ask advice about a funding proposal, either during the development stage or for feedback
- to engage in discussion on longer-term strategic developments in the Council and the sector
- new heads of HEIs may find it helpful to get an overview from the RC of how we see the institution's positioning and key issues
- to request RC contributions in governor training events or senior staff awaydays, to give presentations on HEFCE programmes and operations
- for advice on how best to make contact with a non-HE organisation
- where there are disputes involving HE providers, RCs are sometimes asked to help broker a resolution
- occasionally to complain about the operations of the Council.

19. In addition to working with the 132 universities and HE colleges in the HE sector, we also have a direct funding relationship with over 200 further education colleges. The nature of our relationship with FECs is necessarily different from our relationship with HEIs. We do not have the same responsibility for the overall health and development of the institution in the case of FECs. That responsibility rests with the Further Education Funding Council (and in future the Learning and Skills Council) as the primary funder. Our role is only to fund one or more HE programmes, which will always be a minority of the institution's activity.

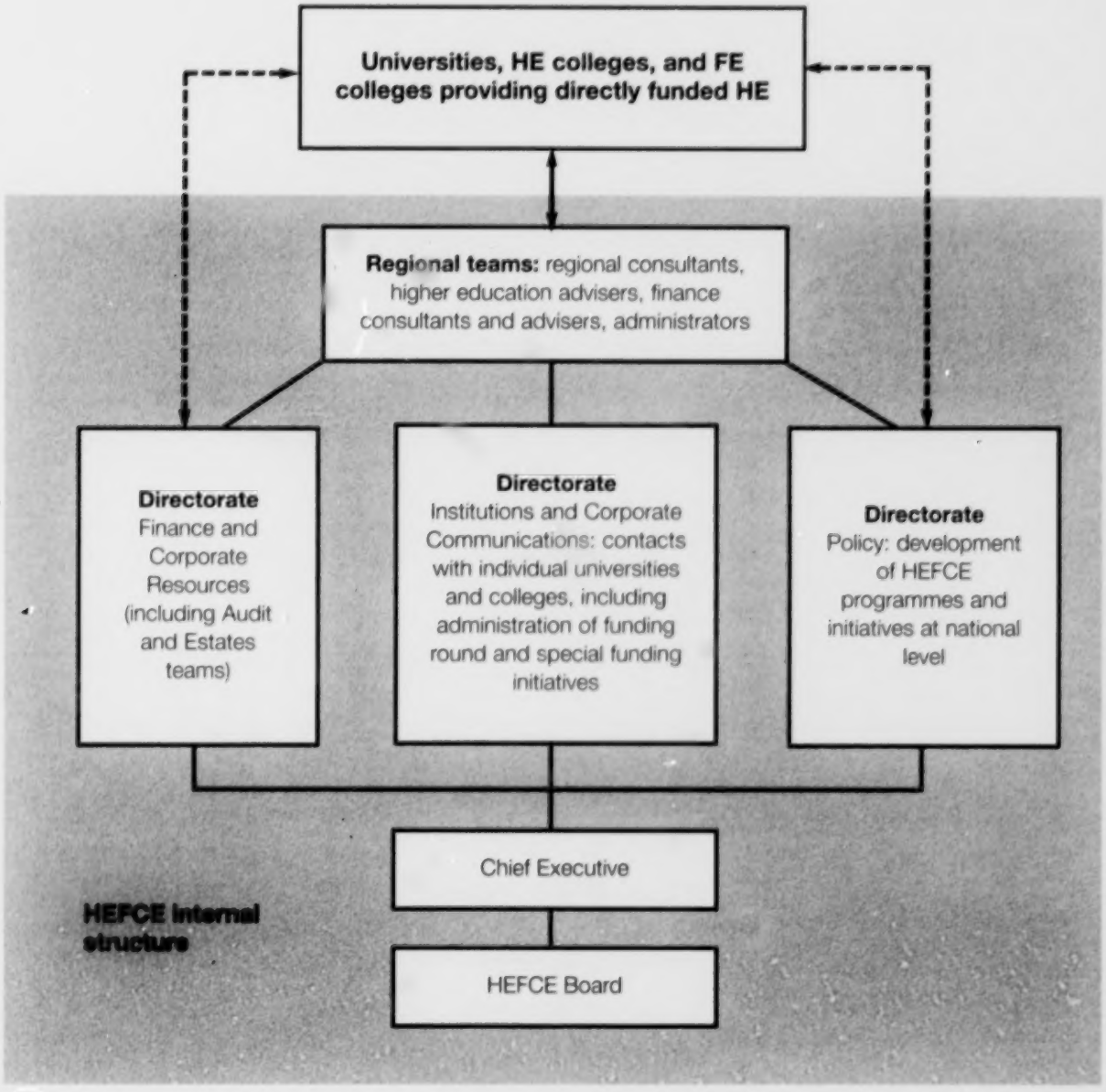
20. There is also a question of proportion. We cannot realistically achieve the same depth of relationship with an FE college which may offer only a handful of HE places as with a university offering tens of thousands of places. Given the constraints on our staff resources, we may keep in contact with many FECs through collective meetings in regional seminars.

Table 1 **Standards and expectations for regional consultants' work with HE providers**

	What institutions can expect of us	What we need from institutions
Contact	• HEIs – at least one visit from a regional consultant (RC) per year. Further visits from RCs or higher education advisers (HEAs) in certain circumstances, such as when the institution has a particular development need, or is an exemplar of best practice. • FECs – individual meetings with larger HE providers which we fund directly; regional seminars held each year. Further visits from RCs/HEAs in certain circumstances, such as when the institution has a particular development need, or is an exemplar of best practice.	• Access to the appropriate staff to address the particular issue under discussion. • Open dialogue with staff at a senior level in the institution.
Knowledge – HEFCE	• Detailed knowledge of, and the ability to explain clearly, the HEFCE's funding method; and the legal basis of the relationship between the HEFCE and institutions. • Awareness of the range of activities under way in the Council and appropriate internal contacts. • The ability to explain clearly the policy of the Council, and give reliable advice on likely future developments and issues. • Good lines of communication with related funders, such as the Teacher Training Agency and Further Education Funding Council (in future Learning and Skills Council); and with regional bodies.	• Understanding of the Council's key objectives (from its corporate plan). • Understanding of the various roles of the Council, namely: - articulating Government policy to the HE sector, and implementing the Government's national objectives for the HE sector as set out in annual grant letters - articulating the sector's views to Government - securing accountability for public funds and promoting value for money - ensuring the financial and strategic health of the sector. • Recognition of the RC's role. • Willingness to respond constructively to requests for relevant and timely information, where that information is reasonably requested to enable HEFCE to fulfil its functions.

	What institutions can expect of us	What we need from institutions
Knowledge - HEI	• Awareness of the main planning and strategic documents of the institution. • Knowledge of any significant issues the institution has raised with the Council. • Awareness of the loads being imposed on the institution, particularly as a result of HEFCE's own policies and procedures, and of the capacity of the institution to respond.	• Provision of relevant information and documentation about the particular issue under consideration, where that information is reasonably requested to enable HEFCE to fulfil its functions.
Values to be exhibited in the relationship	• Sympathy for the institution's distinctive mission and objectives, encompassing teaching, research and reach-out activities. • Recognition and respect for institutional autonomy and rights. • Confidentiality in handling any privy information. • Openness (where appropriate) and responsiveness to the needs of the institution. • Being a 'critical friend' to the institutions the Council funds.	• Sympathy for the Council's mission and objectives. • Recognition of the Council's responsibility to provide accountability to a wide variety of interested bodies. • Confidentiality in handling any privy information. • Openness (where appropriate) and responsiveness to the requests made by the Council in going about its business. • Being a 'critical friend' to the Council in its twin roles of representing the needs of the sector to the Government and the objectives of the Government to the sector.

Figure 1 **HEFCE organisational chart: regional consultants**


Universities, HE colleges, and FE colleges providing directly funded HE
Regional teams: regional consultants, higher education advisers, finance consultants and advisers, administrators
Directorate
Finance and Corporate Resources (including Audit and Estates teams)
Directorate
Institutions and Corporate Communications: contacts with individual universities and colleges, including administration of funding round and special funding initiatives
Directorate
Policy: development of HEFCE programmes and initiatives at national level
Chief Executive
HEFCE Board
HEFCE internal structure

Annex B

Membership of the HEFCE Higher Education Sector Strategy Committee

Professor Sir Stewart Sutherland (Chair)	HEFCE Board Member, Principal and Vice-Chancellor, Edinburgh University
Professor Eileen Baker	Principal, Bishop Grosseteste College
Mrs Joan Bingley	Chartered Secretary in public practice
Mr Dick Coldwell	HEFCE Board member
Mr Tony Evans	Headteacher, King's College School, Wimbledon
Professor Roderick Floud	Provost, London Guildhall University and President of Universities UK
Professor Alan Livingstone	Principal, Falmouth College of Art
Mr Stephen Marston	Director for Institutions, HEFCE
Ms Caroline Neville	HEFCE Board Member, and Principal of Norwich City College of Further and Higher Education
Dr David Potter	HEFCE Board Member, and Chairman and Chief Executive, Psion Plc
Mr David Ritchie	Regional Director, Government Office for the West Midlands, Birmingham
Professor John Tarrant	Vice-Chancellor, University of Huddersfield
Professor David Van de Linde	Vice-Chancellor, University of Bath

Secretariat

Mr Rama Thirunamachandran	Secretary, HEFCE
Ms Sue Vaudin	Assistant Secretary, HEFCE
Ms Claire Warnes	Assistant Secretary, HEFCE

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Higher Education Funding Council for England
Northavon House
Coldharbour Lane
BRISTOL
BS16 1QD

tel 0117 931 7317
fax 0117 931 7203
www.hefce.ac.uk